



GRANTLEY ADAMS
INTERNATIONAL AIRPORT INC.

2012

ANNUAL REPORT





Annual Report 2012





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The Vision

articulated for the company is:

“To be a world class provider and facilitator of air transportation and related service”

And its

Mission & Commitment

is to:

- Ensure shareholders' confidence
- Maintain a sustainable growth rate of return on investment
- Exceed the service expectation of all current and potential users of our airport facilities
- Establish and maintain a reputation as an ethical and responsible corporate citizen
- Meet all of our statutory and international obligations
- Provide an enabling environment for achieving excellence and growth for all employees, and
- Maintain a safe and environmentally friendly facility



Corporate History

The Grantley Adams International Airport Inc. (GAIA Inc.) was established in 1998 under the Company's Act of Barbados and was in operation in a transitional form from the middle of 2002 until the 16th January 2006 when GAIA Inc. took over direct responsibility for the management and operations of all commercial aspects of the Airport, in accordance with the Grantley Adams International Airport, (Transfer of Management and Vesting of Assets) Act 2003. This Act transferred all of the rights and responsibilities for the running of the airport, and for the collection of taxes and fees, to Grantley Adams International Airport Inc. The same Act vested all of the assets of the airport (with the exception of buildings and land) in the Company. GAIA Inc. entered into an operating lease with the Government of

Barbados effective 1 January 2008 for the rental of the land and buildings from which GAIA Inc. operates. The lease is for a term of 75 years.

The Government of Barbados is the sole shareholder, and the Company has been mandated to be commercially viable, self-sustaining & financially independent of Government, and be so profitable as to attract direct investment and access to long term loan funding, on the open market, in order to fund Airport maintenance and capital works.

It has been charged with maximising the commercial potential of the airport and in doing so making a reasonable rate of return on investment for the shareholder.





Corporate History

To fulfil its mission and achieve the vision articulated, certain strategic priorities and long-term objectives will be pursued:

1. Focus on economic and financial sustainability by defining a vibrant strategy to promote revenue growth and profitability in the organization and by increasing the Rate of Investment.
2. Focus on generating profitable traffic for the facility by defining aggressive and competitive strategies for generating both commercial and cargo traffic to the airport.
3. Establish a strong corporate image in the local and international market by developing relevant strategies for managing relationships and practising openness and honesty in all communications. There must
4. Continuously identifying relevant human resources needs and develop the human resources capacity and capability of the organisation. This is achieved by developing a highly competent and motivated work-team and through adopting a service cycle culture that recognizes the value, importance and role of each link in the customer supplier chain.
5. Focus on managed programmes for the development of the infrastructure using long range planning to ensure that the infrastructure keeps pace with the needs of the user groups.

also be a measured customer satisfaction level and a level of public acceptance and awareness.





Board of Directors



Mr. Terrance Mahon
Chairman



Mr. Adrian King
Deputy Chairman



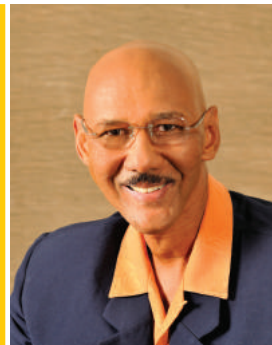
Mrs. Beatrix Holder
Director



Mr. Randall Miller
Director



Mr. Chantal Joseph
Director



Dr. Richard Ishmael
Director



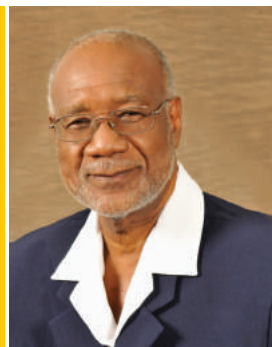
Ms. Gabrielle Springer
Director



Mr. Michael Holder
Director



Mrs. Kay Robertson
Director



Mr. Charles Smith
Director



Mr. Martin Cox
Director



Mr. Mark Simmons
Director



The Executive Management Team



Mr. David Barrow
Chief Executive Officer



Mr. Joseph Johnson
Chief Operating Officer



Mr. Henry Barrow
Director of Finance



Ms. Karen Walkes
Director of Engineering



Mrs. Muriel Davis-Jordan
Director of Human Resources (Acting)



Year Under Review

PASSENGER TRAFFIC

During the financial year thirteen (13) scheduled and nine (9) non-scheduled (charter) passenger airlines operated into the Grantley Adams International Airport. Scheduled carriers serving the airport included American Airlines & American Eagle, JetBlue Airways, and US Airways from the United States, Air Canada and Westjet Airlines from Canada, British Airways and Virgin Atlantic from the United Kingdom, Condor out of Germany, GOL Airlines from Brazil and LIAT, Caribbean Airlines and REDjet within the Caribbean region. Charter airlines included Air Berlin, Thomson Airways, Thomas Cook, Monarch Airlines as well as Canjet Airlines from Canada.

Smaller aircraft operators such as St. Vincent and Grenadines Air, Mustique Airways and Executive Air (B'dos) Inc. operated charter services out of Grantley Adams International Airport to the southern Caribbean.

Passenger traffic started to show marginal improvement compared to 2011. There were

2,072,819 passengers using the airport, representing an increase of 20,669 passengers or 1.0% above the previous financial year.

Increases were registered in all areas with the exception of transit passengers which declined by 16.7% or a total of 17,945 passengers. This decline however does not impact our operations financially as these passengers do not contribute directly to our passenger service charges. The decline was very much a reflection of global travel patterns, primarily from the markets which serve GAIA. The operations of REDjet impacted positively as the airline contributed 49,115 passengers in the period July 2011 – March 2012. Year over year passengers increased monthly, with the exception of November 2011 when there was a 37% decline in fly-cruise traffic of 25 flights or 15,807 passengers, as compared to November 2010.

During this period, regional travel improved with both LIAT and Caribbean Airlines registering increases in passengers as the market responded positively to competition





Year Under Review (cont'd)

Operations Summary

Categories	2011/12	2010/11	Change	% Change
Embarked Passengers	903,844	895,960	-7,884	-1%
Disembarked Passengers	979,792	957,483	-22,309	-2%
Transit Passengers	107,598	125,543	17,945	17%
Transfer Passengers	81,606	70,681	-10,925	-13%
Total Passengers	2,072,840	2,049,667	-23,173	-1%
Cargo Loaded (kgs)	8,826,641	8,846,248	19,607	0.22%
Cargo Unloaded (kgs)	12,338,923	12,526,152	187,229	2%
Mail Loaded (kgs)	799,255	817,966	18,711	2%
Mail Unloaded (kgs)	951,664	1,059,609	107,945	11%
Aircraft Movements	35,950	35,330	-620	-2%

provided by REDjet. Both LIAT and Caribbean Airlines increased flights to Georgetown and Port-of-Spain. Caribbean Airlines reintroduced thrice-weekly non-stop flights between BGI and Georgetown from 16th December 2011. As these flights originated and terminated in Port-of-Spain, capacity was also increased in that market. The financial year also benefited when JetBlue Airways supplemented its daily New York (JFK) schedule with a second "red-eye" flight during July and August, 2011. These flights also helped to improve GAIA's position as a regional hub, allowing additional connection possibilities with regional carriers LIAT, Caribbean Airlines and REDjet. This was reflected in a 15 per cent increase in transfers for the financial year. American Eagle

reintroduced weekend-only flights from San Juan, Puerto Rico in November 2011.

In April 2012 American Airlines reduced its thrice-weekly Dallas Fort-Worth (DFW) service to once-weekly.

Charter airline, Canjet Airlines introduced 189 weekly seats between Toronto, Canada and Barbados in December, 2011 which were operated on behalf of Air Transat Holidays for the winter season to the end of April, 2012. Additionally, Tui Nordic introduced Non-stop bi-weekly flights from Stockholm, Sweden during the same period.



Year Under Review (cont'd)

Air-To-Sea Operations

The Air-to-Sea programme for the winter season commenced in November 2011 with a total of 351 charter flights over the period until 22nd April, 2012. These charter services operated from Thursdays to Sundays with the peak days being Fridays, where as many as nine flights operated every other Friday transporting 2,500 arriving and 2,500 departing passengers.



Passenger Traffic - Financial Year July 2011 to June 2012 (compared to 2010/11)

Period	Embarked	Disembarked	Transit	Transfers	Total Passengers
Year 2011/12	903,844	979,771	107,598	81,606	2,072,819
Year 2010/11	897,351	958,575	125,543	70,681	2,052,150
Change	6,493	21,196	(17,945)	10,925	20,669
% Change	0.7%	2.2%	-16.7%	13.4%	1.0%



Year Under Review (cont'd)

Aircraft Movements 2011 – 2012

For the financial year 2012 there was an increase of 622 movements or 1.7% above the previous year.

Period	Aircraft Movements
Year 2011/12	35,948
Year 2010/11	35,326
Change	622
% Change	1.7%

Passenger Traffic - Financial Year 2012

Airline	Rank	Financial Year 2012 ¹
LIAT	1	349,918
American Airlines	2	347,358
Virgin Atlantic	3	258,311
British Airways	4	175,545
Caribbean Airlines	5	173,045
Air Canada	6	109,758
JetBlue Airways	7	108,892
Westjet Airways	8	55,913
REDjet	9	49,115
Condor Airlines	10	17,439

¹Excludes Transit/transfer passengers



Year Under Review (cont'd)



AIRFREIGHT

There were five (5) all-cargo airlines transporting freight or providing courier services at the Grantley Adams International Airport. Caribbean Airlines and Amerijet provided all-cargo services, Federal Express and UPS provided courier services and DHL provided both.

For the financial year 2012 there was a decrease of 286 tonnes or 1.2 % from the previous year's tonnage of cargo and mail. Decreases were recorded in all categories of cargo and mail operations as can be seen in the chart below.

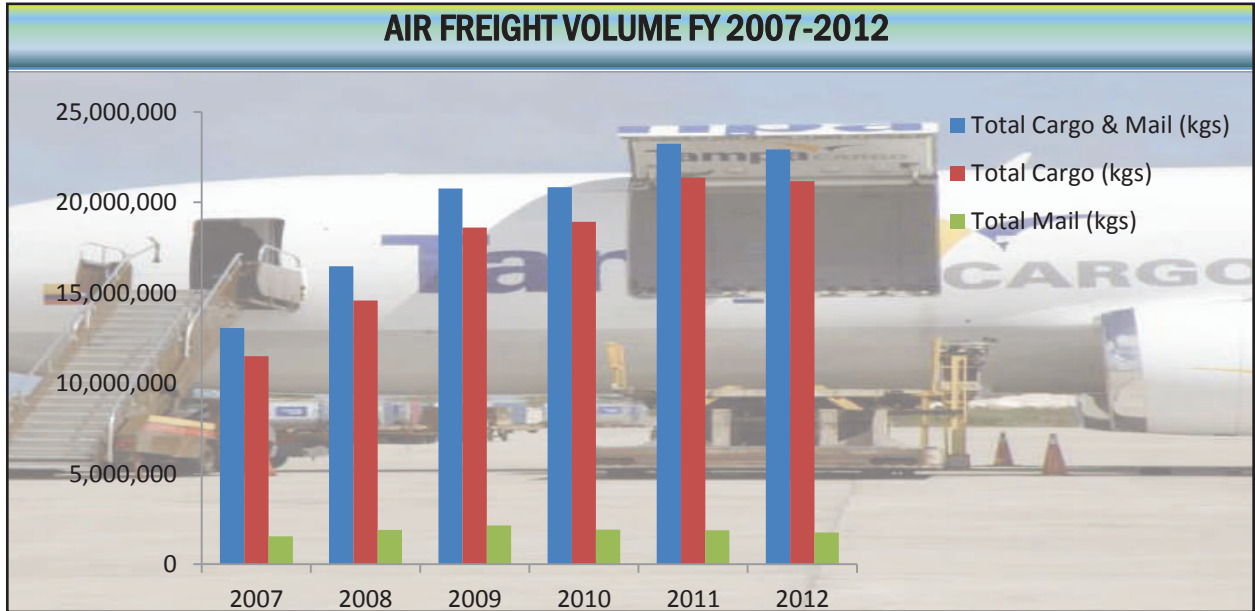
Airfreight Traffic¹ - Financial Year July 2011 to June 2012 (with comparison 2010/11)

Period	Cargo Loaded	Cargo Unloaded	Mail Loaded	Mail Unloaded	Total Cargo & Mail
Year 2011/12	8,813,851	12,363,987	799,121	951,183	22,928,143
Year 2010/11	8,834,038	12,502,599	817,966	1,059,609	23,214,212
Change	(20,186)	(138,612)	(18,845)	(108,426)	(286,068)
% Change	-0.2%	-11.4%	-1.2%	-11.4%	-1.2%

¹Figures in kgs



Year Under Review (cont'd)



ENGINEERING

The Engineering department has responsibility for all construction and maintenance activities at the Airport and on all other Airport property. The department is made up of several sections: Electronics, Electrical, Mechanical and Building & Civil and Information Systems and has a staff of one hundred and five (105).

The major capital projects recently undertaken were:

- The extension of the eastern end of taxiway Alpha (south of parking position #22) to connect with the eastern end (27 end) of the runway.
- Trenching for the installation of centreline lights on Taxiway Alpha.

- Construction of the Runway End Safety Area (RESA) at the eastern (27) end of the runway.

Through the Director of Engineering, GAIA Inc. serves as the project manager for the tendering, design and construction of the Civil Aviation Department's new building to be located at Charnocks in Christ Church, which will also house the offices and staff of the Meteorological Department and the Air Transport Licensing Authority. This project is being funded by the Government of Barbados.

HUMAN RESOURCES

Training

The company demonstrated its commitment towards the development of the organization



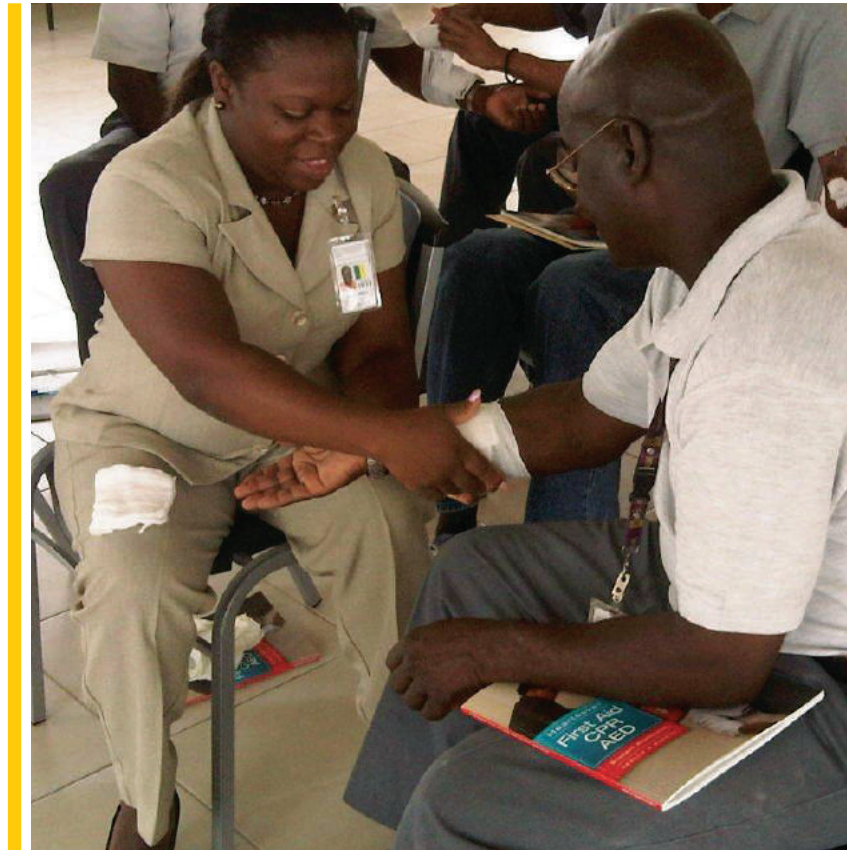
Year Under Review (cont'd)

and the airport, through the provision of essential training and learning opportunities for its employees. Some of training initiatives conducted during the period of July 2011 - June 2012 are highlighted below:

- Annual Screeners' Certification for Security Officers
- Airport Security Awareness Training for all airport pass holders
- First Aid Training facilitated by the Heart & Stroke Foundation
- Handcuff and Baton Training for Security Officers
- Business Etiquette sessions for front line employees facilitated by the Caribbean School of Etiquette
- Training for Safety Wardens on evacuation procedures and the use of fire extinguishers.
- Participation in Travel Document and Admissibility training for Airline and Airport Security Staff. This one-day seminar was hosted by the U.S. Customs and Border Protection (CBP) and was facilitated by two CBP Carrier Liaison Program Trainers from Washington, D.C
- Attendance at the Renewable Energy Forum which brought together some of the most influential gathering of renewable energy stakeholders in the Caribbean
- Attendance at the Institute of Chartered Accounts of Barbados' (ICAB) Annual conference
- Attendance at a workshop on Preventative Security Measures in the Bahamas. This programme was part-sponsored by the Inter-American Commission on Terrorism (CICTE) of the Organisation of American States.
- Health & Wellness Seminars covering topics such as "STIs & their relationship with HIV/AIDS" and "Leptospirosis". These sessions were attended by staff of GAIA Inc. and the wider airport community.
- Members of the HR Department participated in awareness sessions on the Employment Rights Act, 2012

Employee Relations

The Human Resources Department is continuously seeking to promote health, safety and wellness among its employees. To this end, the department co-ordinated several programmes during the year geared towards



Staff of GAIA Inc undertaking first aid training during the year.



Year Under Review (cont'd)

positively impacting on employees' health habits and improving employee morale and camaraderie across the organization. Some of these activities included health seminars, the 2nd Annual Fun Day, an Evening Hike, Independence Celebrations and Annual Awards Ceremony and Christmas Staff Party.



The Health & Safety Committee at GAIA Inc. was launched on August 25, 2011 in preparation for the proclamation of the Safety and Health at Work Act 2005. The committee comprises representatives appointed by the employer and representatives appointed by the employees in a 50:50 ratio, in compliance with Section 103 of the Act. The first meeting was convened by Mr Graham Bannister, Safety Manager, who sits on the committee as an ex-officio member. His role is advisory in nature and provides guidance to the committee on the health and safety practices required in keeping with the Safety and Health at Work Act.

HIV/AIDS Food Bank - A donation was given to the HIV/Aids Food Bank in support of their efforts to assist persons and their families living with HIV/AIDS.

Loyalty Programme - Discussions were held with business companies across Barbados with a view to launching a Loyalty Programme for employees of GAIA Inc. Under this initiative employees will be issued with a discount card that can be used at various entities across Barbados.

ACI Online Training

ACI online training continues with a total of 125 employees completing both Basic Airside Safety Awareness and Introduction to Safety Rules to date. Our records show that 157 persons are currently registered to complete both assessments.

Common Entrance 2012 Initiative

During the financial year, the company successfully introduced a new initiative to reward the children of employees who had completed the Barbados Secondary School Entrance Examination, also referred to as the Common Entrance Exam. Twenty (20) students were issued with cash vouchers redeemable for "back-to-school" items at Cave Shepherd and Days Bookstore. A Year Planner from the Barbados Light & Power Co Ltd and GAIA Inc. memorabilia also formed part of the award.

Public Relations & Marketing

GAIA Inc. continues to participate in the national Festival, Crop Over. In addition to the usual terminal décor, the company partnered with the Caribbean Broadcasting Corporation (CBC) to host "One Sweet Day", an event used to immerse passengers into the festival as they arrived in Barbados. This consisted of live entertainment from calypsonians, the Royal Barbados Police Band and steel pan music. Costume bands and airport concessions also set up booths outside of the arrivals terminal to sell their ware to both passengers and locals. The event, which was broadcast live on CBC's 94.7fm and 98.1fm radio stations was sponsored



Year Under Review (cont'd)

by Courtesy Garage and Hyundai as well as Plus, "the Energy Drink".

GAIA Annual Golf Tournament - GAIA Inc. held the first ever Airport Golf Tournament on March 31st, 2012 in commemoration of the landing of the first international flight to

the island on March 29th, 1929. This event raised approximately BDS\$8000.00 which was distributed to the four educational institutions that are part of GAIA Inc.'s Adopt-a-School programme, as a contribution to their 2012 graduation ceremonies and other educational activities undertaken in the ensuing school year.





Economic Conditions & Outlook

FINANCIAL HIGHLIGHTS

The effects of the recession on our major source markets continued during the financial year ended June 30, 2012.

There was a marginal increase (1%) in passenger traffic during the period, but this was offset by reduced revenue from our various concessions.

The main factors contributing to this decline, were a reduction in the amount of money spent by passengers in the various concessions operating at the airport and the downward adjustments to the some rents paid by the most seriously affected tenants.

With the recession showing little signs of abating and the forecast of minimal or no growth in most economies, it is likely that the trend of little or no growth in passenger traffic will continue with the corresponding negative effect on the sales of the various concessions during the coming year.

Operating expenditure for the year ended June 30, 2012 increased by \$2.6 Million (5.7%) over the year ended June 30, 2011.

Employment expenditure, utilities and repairs and maintenance were the main contributors to the increase. In most of the other areas of operating expenditure, the company was able to maintain expenditure at the level of or below that of the previous year.

The company continues to maintain a strong cash position (2012-\$45.4 Million-2011-\$39.3 Million) while covering its operating expenditure, capital improvements and servicing its debt obligations.

Capital expenditure for the year was \$8.9 Million compared to \$6.3 Million for the year before. The increase of \$2.6 Million was spread over work done on the taxiways, upgrade of equipment, replacement of vehicles in our ageing fleet and upgrade of the computer and security equipment.

Table 1

OPERATING REVENUE	June 30, 2012 \$000	June 30, 2011 \$000
Aeronautical revenue	53,732	52,780
Concessions and rentals revenue	12,236	14,727
Car Park revenue	797	720
Other operating revenue	2,382	3,110
Total operating revenue	69,147	71,337
Other Income	1,623	1,487
Total Income	70,770	72,824



Economic Conditions & Outlook (cont'd)

OPERATING REVENUE

The financial year ended June 30, 2012 shows a decrease in operating revenue to \$70.8 Million, a 2.8% decline over the revenue for the corresponding period in 2011 which was \$72.8 Million. This was similar to the revenue for the year ended June 30, 2010 and due mainly to the decline in revenue earned from concessionaires. (See Table 1)

Aeronautical Revenue

Aeronautical revenue is made up mainly of Passenger Service Charges, Aircraft Landing and Parking Fees and Aircraft Fuel Charges.

Aeronautical revenue makes up over 70% of the total revenue earned by GAIA Inc., and the lack of any significant growth in this category continues to have a damping effect on the overall revenue figures.

Passenger Service Charges are driven by the number of passengers passing through the airport. The period ended June 30, 2012 shows an increase in passengers of 1.13% over the period to June 30, 2011.

Similarly, direct aircraft fees are determined by aircraft movements at the airport. For the period ended June 30, 2012, landing and parking fees and aircraft fuel charges shows a slight increase over 2011 of 4.4% as a result of increased aircraft movements. Movements for the period ended June 30, 2012 were 1.75% higher than the same period in 2011.

Concessions and Rentals

The effect of partial rent rebates granted to some of the more seriously affected concessions and the change, during the year, from a minimum annual guarantee rent (MAG) to a percentage rent payable by CaribbeanARI, the largest concession, has resulted in a decrease in the rent received during the year ended June 30, 2012.

Other Operating Revenue

The year to June 30, 2012 shows a decrease in the lease of land charges against the prior year. This is as a result of only the current charges being recognized. The previous period included retroactive charges resulting from delays due to the complexity of the transfer process of tenant lease contracts with the Crown subsequent to GAIA Inc. assuming full management of the airport.

Other Income

Interest revenue has increased over 2011 as a result of the restructuring of short term securities. During the year, the company continued to transfer funds to facilities which offered better interest rates.

OPERATING EXPENSES

Operating expenses at June 30, 2012 increased to \$48.7 Million when compared to \$46.1 Million for the year to June 30, 2011. This represents an increase of \$ 2.6 Million or 5.7%. The main elements of the operating expenses were employment costs, utilities, repairs and maintenance, and professional fees.

The increase in employment cost reflects the increase in wages agreed with the National Union of Public Workers in December 2010. Additionally, the staff complement was increased during the financial year ended June 30, 2012.

Utilities, mainly electricity, were adversely affected by the continuing rise in the fuel adjustment clause as the cost of oil remained high during the period.

Repairs and maintenance increased over the previous year by \$1.02 Million. This was largely due to structural work carried out in various areas of the airport, particularly the air-conditioning and the car park systems, the runway and pavements.



Economic Conditions & Outlook (cont'd)

Table 2

REVENUE CATEGORIES	2011/12	2010/11
AERONAUTICAL REVENUE AS A PERCENTAGE OF TOTAL REVENUE	75.9%	72.5%
AERONAUTICAL REVENUE (\$'000)		
PASSENGER SERVICE FEES	42,258	41,657
SECURITY FEES	4,129	4,126
LANDING FEES	5,738	5,416
FUEL SURCHARGE	1,607	1,581
NON-AERONAUTICAL REVENUE (\$'000)		
CONCESSION FEES	10,694	13,141
CAR PARK	797	720
SPACE RENTAL	1,542	1,430
LEASE OF LANDS	649	1,384
UTILITIES RECOVERY	1,174	1,059
OTHER	559	473
AERONAUTICAL REVENUE DRIVERS		
TOTAL PASSENGERS	2,072,840	2,049,667
NO. OF AIRCRAFT MOVEMENTS	35,950	35,330

Professional fees increased by \$0.5 Million, reflecting the charges relating to the preparation of the airport master plan.

During the year ended June 30, 2012 a rebate of \$0.8 Million was received from the supplier of the IMUSE system. This was as a result of their inability to provide part of the system outlined in the original contract.

Other Expenses

During the period to June 30, 2012 the company experienced the benefit of converting the short-term loan facility to a long-term loan. This resulted in a decrease of \$1.88 Million in the finance charges for the period compared with that of 2011.

Net Income

Income before tax for the period June 30, 2012 at \$2.78 Million shows a decrease of \$4.04 Million when compared to \$6.82 Million for the period ended June 30, 2011. This is largely due to the decrease, in operating revenue of \$2.0 Million and increased operating costs of \$1.9 Million for the period. It should be noted that since the tax losses being brought forward in previous years are fully exhausted, the full impact of the corporation tax charges are now being realized



Economic Conditions & Outlook (cont'd)

Table 3

FINANCIAL SUMMARY	2011/12 (\$000)	2010/11 (\$000)
OPERATING INCOME	69,147	71,337
OPERATING EXPENDITURE	(48,731)	(46,103)
OTHER INCOME (EXPENDITURE)	(17,640)	(18,417)
NET INCOME	2,776	6,817
TAXATION	(1,964)	(2,933)
NET SURPLUS	812	3,884

BALANCE SHEET

GAIA Inc.'s current assets at June 30, 2012 show an increase of \$ 1.9 Million or 3.2% over June 30, 2011. This is largely due to increases in cash and short-term deposits of \$6.1 Million and a decrease in accounts receivable of \$4.15 Million.

Cash and short-term deposits

The following factors have contributed to the increase in the cash and short-term deposits of the company during the year ended June 30, 2012.

A payment of \$2.1 Million was received from CaribbeanARI to settle part of the outstanding amounts due to GAIA Inc. More robust collection of outstanding receivables and increased interest received on short-term

deposits and investments contributed to the increase.

Accounts Receivable

Accounts receivable decreased by \$4.15 Million from \$15.26 Million in 2011 to \$11.11 Million in 2012. This is attributable mainly to the collection of \$2.1 Million due by CaribbeanARI and the increase of the provision against doubtful debts.

Capital assets

There was no major spending on capital assets in 2012 compared to 2011 with the additions in 2012 being only \$2.67 Million greater than 2011. There was therefore a net decrease in capital assets with the charge for depreciation during 2012 outstripping the additions for the year. As a result, total assets show a decrease over 2011 of \$3.45 Million.



Chairman's Acknowledgements



Mr. Terrance Mahon
Chairman

The year 2012 has been challenging financially, as the airport saw minimal growth in passenger numbers and a notable decline in commercial revenue. We anticipate that the coming year will be equally as difficult and the Corporation will be making concerted efforts to protect and improve GAIA Inc.'s revenue and reduce expenditures. On behalf of the Board of Directors, I wish to take this opportunity to commend the management and staff and convey our appreciation for their contributions under what have been difficult circumstances. We also wish to acknowledge all of our aviation and tourism industry partners who have been instrumental in GAIA Inc.'s weathering of the global economic crisis during this trying financial period.



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AUDITORS' REPORT

To the shareholder of Grantley Adams International Airport Inc.

We have audited the accompanying financial statements of Grantley Adams International Airport Inc. which comprise the statement of financial position as of 30 June 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 30 June 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young
CHARTERED ACCOUNTANTS

Barbados
19 July 2013

**GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.**Statement of Financial Position
As of 30 June 2012

	Notes	2012 \$	2011 \$
Assets			
Current assets			
Cash	4	8,619,296	10,483,852
Short-term deposits	5	36,796,932	28,858,575
Accounts receivable	6	11,117,846	15,263,581
Loan receivable	7	187,733	187,733
Interest receivable		155,182	141,201
Prepayments		1,814,812	1,837,423
Value added tax recoverable		-	14,461
Income tax refundable		3,102,700	3,102,700
		61,794,501	59,889,526
Loan receivable	7	636,584	824,317
Treasury note	8	10,000,000	10,000,000
Property, plant and equipment	9	214,751,732	219,920,738
Total assets		287,182,817	290,634,581
Liabilities			
Current liabilities			
Accounts payable	10	13,779,301	10,249,315
Taxation payable		3,431,160	4,296,119
Short-term loan	11	-	85,000,000
Current portion of long-term loans	12	11,967,289	3,367,564
		29,177,750	102,912,998
Long-term loans	12	98,369,085	29,563,470
Retentions payable	13	369,089	378,470
Deferred tax liability	14	4,328,059	3,652,500
Total liabilities		132,243,983	136,507,438
Shareholder's equity			
Share capital	15	100	100
Capital contributions	16	149,451,257	149,451,257
Retained earnings		5,487,477	4,675,786
		154,938,834	154,127,143
Total liabilities and shareholder's equity		287,182,817	290,634,581

The accompanying notes form part of these financial statements.

Approved by the Board of Directors on 19 July 2013 and signed on its behalf by:


Director


Director


GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

 Statement of Comprehensive Income
 Year ended 30 June 2012

	Notes	2012 \$	2011 \$
Revenue			
Passenger service charges		46,386,998	45,744,084
Concessions and rentals		12,236,155	14,726,499
Direct charges to airlines		7,345,101	7,035,489
Other income		2,382,418	3,119,935
Interest income		1,533,524	1,302,145
Car park revenue		796,970	720,345
Foreign exchange gain		88,804	175,357
		70,769,970	72,823,854
Expenses			
Employment costs		16,010,121	15,128,128
Depreciation	9	14,113,683	12,871,508
Utilities		8,522,466	7,538,589
Finance costs		5,148,647	7,032,619
Repairs and maintenance		5,012,757	3,996,234
Security screening charge		4,450,167	4,202,272
Bad debt expense (net of recoveries)		4,155,048	3,838,164
Office and general expenses		3,288,091	3,612,796
Insurance		2,608,044	2,649,417
Property tax		2,240,787	2,350,975
Professional fees		1,210,756	665,092
Lease maintenance expenses		1,092,223	1,978,556
Directors' fees and expenses		141,456	143,174
		67,994,246	66,007,524
Income before taxation		2,775,724	6,816,330
Taxation	14	1,964,033	2,932,765
Net income and total comprehensive income for the year		811,691	3,883,565

The accompanying notes form part of these financial statements.

**GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.**Statement of Changes in Equity
Year ended 30 June 2012

	Share capital \$	Capital contributions \$	Retained earnings \$	Total \$
Balance at 1 July 2010	100	149,451,257	792,221	150,243,578
Total comprehensive income for the year	-	-	3,883,565	3,883,565
Balance at 30 June 2011	100	149,451,257	4,675,786	154,127,143
Total comprehensive income for the year	-	-	811,691	811,691
Balance at 30 June 2012	100	149,451,257	5,487,477	154,938,834

The accompanying notes form part of these financial statements.


GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

 Statement of Cash Flows
 Year ended 30 June 2012

	2012 \$	2011 \$
Cash flows from operating activities		
Income before taxation	2,775,724	6,816,330
Adjustments for:		
Depreciation	14,113,683	12,871,508
Finance costs	5,148,647	7,032,619
Gain on disposal of plant and equipment	(53,153)	(9,340)
Interest income	(1,533,524)	(1,302,145)
Operating profit before working capital changes	20,451,377	25,408,972
Decrease (increase) in accounts receivable	4,145,735	(2,590,700)
Decrease (increase) in prepayments	22,611	(1,602,545)
Decrease (increase) in value added tax recoverable	14,461	(14,419)
Increase in accounts payable	3,423,430	1,990,352
Cash from operating activities	28,057,614	23,191,660
Corporation tax paid	(2,059,845)	-
Withholding tax paid	(93,588)	(85,985)
Net cash from operating activities	25,904,181	23,105,675
Cash flows from investing activities		
Transfer of assets/development costs	-	1,324,186
Additions to plant and equipment	(8,944,677)	(6,275,656)
Interest received	1,519,543	1,288,079
Proceeds from disposal of plant and equipment	53,153	18,049
Net cash used in investing activities	(7,371,981)	(3,645,342)
Cash flows from financing activities		
Decrease (increase) in loan receivable	187,733	(1,012,050)
Decrease in retentions payable	(9,381)	(729,548)
Loan repayments	(7,594,660)	(3,246,534)
Interest paid	(5,042,091)	(7,052,844)
Decrease in short term loan	(85,000,000)	-
Increase in long term loan	85,000,000	-
Net cash used in financing activities	(12,458,399)	(12,040,976)
Net increase in cash and short-term deposits for the year	6,073,801	7,419,357
Cash and short-term deposits (net) – beginning of the year	39,342,427	31,923,070
Cash and short-term deposits (net) – end of the year	45,416,228	39,342,427
Represented by:		
Cash	8,619,296	10,483,852
Short-term deposits	36,796,932	28,858,575
	45,416,228	39,342,427

The accompanying notes form part of these financial statements.

**GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.**

Notes to the Financial Statements
Year ended 30 June 2012

1. Incorporation and principal activity

Grantley Adams International Airport Inc. ("GAIA Inc." or "the Company") was incorporated in Barbados on 13 October 1998. The Government of Barbados is the sole shareholder of the Company whose registered office is located at Grantley Adams International Airport, Seawell, Christ Church.

The Company is fully responsible for the commercial operations and management of the Airport in accordance with the Grantley Adams International Airport, (Transfer of Management and Vesting of Assets) Act (Act 2003-3). As a result, all assets and liabilities of the Airport with the exception of land and buildings are vested in the Company. The land and buildings is the subject of a lease between the Company and the Government of Barbados (Note 19).

2. Significant accounting policies**a) Basis of accounting and financial statement preparation**

The financial statements have been prepared under the historical cost convention and are in accordance with International Financial Reporting Standards.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

b) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new amended/revised standards and interpretations noted below:

New and amended standards and interpretations

- IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (effective 1 July 2011).
- IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements (effective 1 July 2011).

These amendments did not have any impact on the financial position or performance of the Company.



GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
Year ended 30 June 2012

2. Significant accounting policies (cont'd)

c] Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below.

IFRS 12	–	Disclosure of Interests in Other Entities (effective 1 January 2013)
IFRS 13	–	Fair Value Measurement (effective 1 January 2013).
IFRIC 20	–	Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013).

Annual improvements May 2012

IFRS 1	–	First-time Adoption of International Financial Reporting Standards
IAS 1	–	Presentation of Financial Statements
IAS 16	–	Property Plant and Equipment
IAS 32	–	Financial Instruments, Presentation
IAS 34	–	Interim Financial Reporting

These improvements are effective for annual periods beginning on or after 1 January 2013.

d] Revenue

Interest income is recognized as interest accrues using the effective interest method. All other revenue is recognized when earned.

e] Taxation

The taxation charge is determined on the basis of tax effect accounting, using the liability method whereby the future tax liability resulting from temporary differences is provided for at the estimated future corporation tax rate that is expected to apply to the period when the liability is settled.

Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilized.

**GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.**

Notes to the Financial Statements
Year ended 30 June 2012

2. Significant accounting policies (cont'd)**f] Currency**

These financial statements are expressed in Barbados dollars which is the functional currency. Monetary assets and liabilities denominated in currencies other than Barbados dollars are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities and transactions denominated in currencies other than Barbados dollars are translated at the rate of exchange ruling at the date of the transaction. Foreign exchange gains or losses are included in comprehensive income.

g] Held-to-maturity financial assets

Financial assets with fixed or determinable payments and fixed maturity dates are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Held-to-maturity financial asset which comprises a Government treasury note is subsequently measured at amortized cost less any provision for impairment. Amortized cost is calculated using the effective interest rate method and by taking into account any discount or premium on acquisition, over the period to maturity.

Gains and losses are recognized in comprehensive income through the amortization process and when the investment is de-recognized or impaired. Investments are shown on the statement of financial position as either short-term or long-term depending on the period to maturity.

h] Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, there is objective evidence of impairment as a result of an event that has occurred which has an impact on the estimated future cash flows of the asset.

Evidence of impairment may include indications that a debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where there is a measurable decrease in the estimated future cash flows.



GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
Year ended 30 June 2012

2. Significant accounting policies (cont'd)

i] Impairment of other non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset maybe impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

j] Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Depreciation of plant and equipment is charged using the straight-line method over the useful lives of the assets which are estimated as follows:

Furniture and equipment	8-10 years
Motor vehicles	5-10 years
Common use terminal and security equipment	5 years
Computer equipment	3 years
Leasehold improvements - buildings	50 years
Navigation equipment	3-15 years
Runways, taxiways and pavement surfaces	15-20 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

k] Leased assets

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is carried at the present value of the future minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and payments are recognized as an operating expense in the statement of comprehensive income.

**GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.**

Notes to the Financial Statements
Year ended 30 June 2012

2. Significant accounting policies (cont'd)**l] Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in income when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate is included in finance costs.

m] Pension costs

The Company has provided a defined contribution pension scheme for its eligible employees, providing for fixed rates of contribution based on the level of employees' remuneration. Contributions are charged to comprehensive income in the year to which they relate.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires that management make judgments, estimates and assumptions that affect the amounts reported of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.



GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
Year ended 30 June 2012

3. Significant accounting judgements, estimates and assumptions (cont'd)

Fair value of financial instruments

Where the fair value of financial assets and liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. Restricted cash

Included in cash is the amount of \$5,746,250 (2011 - \$3,046,250) which represents funds received from the Ministry of International Transport to be used as part of the construction of a building on their behalf. The amount is also reflected in accounts payable. (See Note 10).

5. Short-term deposits

The short-term deposits represent deposits on call of \$26,926,432 (2011 - \$28,858,575) with interest rates of 2.5% (2011 - 2.5%) per annum and treasury bills of \$4,957,000 (91 days) and \$4,913,500 (182 days) with interest of 3.48% and 3.53% respectively.

6. Accounts receivable

	2012 \$	2011 \$
Trade receivables	18,957,596	25,336,426
Less: provision for doubtful accounts	(7,839,750)	(10,072,845)
	11,117,846	15,263,581

Trade receivables are non-interest bearing and are generally on terms ranging from 30 to 90 days. Included in the trade receivables is \$4,654,419 (2011 - \$8,722,720) owed by related parties, for which a provision of \$4,379,386 (2011 - \$1,844,374) has been recorded.

**GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.**

Notes to the Financial Statements
Year ended 30 June 2012

6. Accounts receivable (cont'd)

Movements in the provision for impairment of receivables were as follows:

	2012 \$	2011 \$
Balance at beginning of year	10,072,845	6,591,816
Charge for the year/write-offs	(2,129,077)	5,789,792
Recoveries	(104,018)	(2,308,763)
Balance at end of year	<u>7,839,750</u>	<u>10,072,845</u>

At 30 June, the ageing analysis of receivables was as follows:

	Total \$	Neither past due nor impaired \$	Past due but not impaired		
			31-60 days \$	61-90 days \$	> 90 days \$
2012	16,117,846	6,488,520	604,190	206,337	3,818,799
2011	15,263,581	9,654,422	1,223,886	507,182	3,878,091

7. Loan receivable

This represents an interest-free loan to a related party. It is secured by certain equipment and is repayable in monthly installments of \$4,464 and \$11,181 respectively over 36 months and 84 months respectively.

8. Treasury note

This represents a Government of Barbados Treasury Note which bears interest at the rate of 6% per annum and matures on 31 October 2016.


GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
Year ended 30 June 2012

9. Property, plant and equipment	Leasehold improvements \$	Runways, taxiways and pavements \$	Furniture and equipment \$	Motor vehicles \$	Security equipment \$	Navigation equipment \$	Computer equipment \$	Common use equipment \$	Total \$
At 1 July 2010	196,833,163	26,166,067	13,184,746	10,710,578	8,497,653	5,548,263	6,094,962	4,126,308	271,161,740
Additions	30,389	2,033,076	2,471,998	720,755	410,703	-	608,735	-	6,275,656
Disposals	-	-	(28,924)	(80,294)	-	-	(68,039)	-	(177,257)
Transfers	-	-	(356,565)	(967,621)	-	-	-	-	(1,324,186)
At 30 June 2011	196,863,552	28,199,143	15,271,255	10,383,418	8,908,356	5,548,263	6,635,658	4,126,308	275,935,953
Additions	486,917	3,132,787	1,717,087	1,347,092	217,910	-	2,042,884	-	8,944,677
Disposals	-	-	(1,710)	(164,941)	-	-	(92,171)	-	(258,822)
Transfers	-	-	-	-	-	-	-	-	-
At 30 June 2012	197,350,469	31,331,930	16,986,632	11,565,569	9,126,266	5,548,263	8,586,371	4,126,308	284,621,808
Accumulated depreciation									
At 1 July 2010	14,970,781	4,899,205	4,719,317	4,625,261	3,247,003	3,123,271	3,601,109	4,126,308	43,312,255
Depreciation	5,076,677	1,716,823	1,798,069	1,345,651	1,261,170	523,311	1,149,807	-	12,871,508
Disposals	-	-	(22,414)	(80,295)	-	-	(65,839)	-	(168,548)
At 30 June 2011	20,047,458	6,616,028	6,494,972	5,890,617	4,508,173	3,646,582	4,685,077	4,126,308	56,015,215
Depreciation	5,088,964	2,099,356	1,978,978	1,629,299	1,266,263	516,652	1,534,171	-	14,113,683
Disposals	-	-	(1,710)	(164,941)	-	-	(92,171)	-	(258,822)
At 30 June 2012	25,136,422	8,715,384	8,472,240	7,354,975	5,774,436	4,163,234	6,127,077	4,126,308	69,870,076
Net book value									
At 30 June 2012	172,214,047	22,616,546	8,514,392	4,210,594	3,351,830	1,385,029	2,459,294	-	214,751,732
At 30 June 2011	176,816,094	21,583,115	8,776,283	4,492,801	4,400,183	1,901,681	1,950,581	-	219,920,738
At 30 June 2010	181,862,382	21,266,862	8,465,429	6,085,317	5,250,650	2,424,992	2,493,853	-	227,849,485

**GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.**

Notes to the Financial Statements
Year ended 30 June 2012

10. Accounts payable

	2012	2011
	\$	\$
Trade payables	6,149,833	4,975,927
Other payables	7,479,310	5,139,093
Deposits	150,158	134,295
	<u>13,779,301</u>	<u>10,249,315</u>

Included in other payables is an amount of \$5,746,250 (2011 - \$3,046,250) which represents amounts owed to the Ministry of International Transport. (See Note 4).

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-60 day terms.
- Other payables are non-interest bearing and have an average term of two months.

11. Short-term loans

The Company refinanced this loan with long-term debt during the year. (See Note 12).

12. Long-term loans

	2012	2011
	\$	\$
National Insurance Board (NIB) – a related party	17,063,973	17,063,973
European Investment Bank (EIB)	12,522,401	15,867,061
CIBC-FCIB	80,750,000	-
	<u>110,336,374</u>	<u>32,931,034</u>
Less: Current portion		
European Investment Bank	(3,467,289)	(3,367,564)
CIBC-FCIB	(8,500,000)	-
	<u>(11,967,289)</u>	<u>(3,367,564)</u>
Long-term portion	<u>98,369,085</u>	<u>29,563,470</u>



GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
Year ended 30 June 2012

12. Long-term loans (cont'd)

The NIB loan bears interest at the rate of 6.5% (2011 - 6.5%) per annum with interest payments due semi-annually. The loan is secured by a guarantee from the Government of Barbados and is repayable by 17 September 2019.

The EIB loan bears interest at the rate of 3% (2011 - 3%) per annum with interest payments due semi-annually and commenced on 15 April 2005. The loan is secured by a guarantee from the Government of Barbados and is repayable by 15 April 2015 in blended semi-annual payments of principal and interest of US\$948,946.

The FCIB loan is in the amount of USD \$42,500,000 and is being repaid in blended principal and interest installments. Interest is being charged at the floating rate of 3 months LIBOR plus 3.25% with principal of US\$1,062,500 payable in quarterly installments over a period of 7 years. The loan is secured by a registered first fixed and floating charge over all assets of GAIA Inc., excluding the Terminal Building assets owned by the Government of Barbados, and the assignment of Passenger Service Charges and Airline Charges due to the GAIA Inc. from IATA.

13. Retentions payable

These represent amounts due to the main civil works contractor and other contractors upon successful completion of works under the terms of the respective contracts for civil works construction, aircraft parking positions and a waste water facility.

14. Taxation

	2012 \$	2011 \$
Statement of income		
Current tax	1,278,062	2,145,008
Deferred tax charge	685,971	787,757
	1,964,033	2,932,765



GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
Year ended 30 June 2012

14. Taxation (cont'd)

The tax on the Company's income before taxation differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2012	2011
	\$	\$
Income before taxation	2,775,724	6,816,330
Corporation tax at 25% (2011 - 25%)	693,931	1,704,083
Effect of depreciation on assets not subject to wear and tear	1,274,457	1,270,473
Effect of other amounts not allowed for tax purposes	8,389	8,866
Over-provision of prior year deferred tax	(2,245)	-
Other	(10,499)	(50,657)
Tax charge	1,964,033	2,932,765
	2012	2011
	\$	\$
Deferred tax liability		
Balance – beginning of year	3,652,500	2,864,743
Deferred tax charge for the year	688,216	787,757
Prior year over-provision of deferred tax	(2,245)	-
Balance – end of year	4,338,471	3,652,500
	2012	2011
	\$	\$
The deferred tax liability is made up as follows:		
Accelerated capital allowances	4,326,334	3,642,200
Accrued interest receivable	12,137	10,300
	4,338,471	3,652,500



GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
Year ended 30 June 2012

15. Share capital

The Company is authorized to issue an unlimited number of common shares without nominal or par value. The Company's issued share capital comprises:

	2012 \$	2011 \$
100 common shares	100	100

16. Capital contributions

These represent cash advances and equity contributions by the Government of Barbados to the Company, net of payments made on its behalf.

17. Related party transactions

The following transactions were carried out with related parties during the year:

	2012 \$	2011 \$
State-controlled entities		
<u>Revenue</u>		
Caribbean ARI Inc.	3,714,874	2,121,525
Caribbean Aircraft Handling Company Limited	500,949	353,760
Caribbean Airways – VIP Lounge	156,957	155,460
Ministry of International Transport – Civil Aviation Dept.	-	237,076
<u>Expenses</u>		
Director of National Insurance	2,524,204	2,392,327
Commissioner of Inland Revenue	936,811	872,492
Commissioner of Land Tax	2,259,000	2,349,262
Caribbean Aircraft Handling Company Limited	42,250	37,242

Key management comprises directors and management of the Company.

Compensation of these individuals was as follows:

	2012 \$	2011 \$
Compensation		
Salaries and other short-term employee benefits	775,292	710,628
Post employment benefits	23,416	26,356
	798,708	736,984

**GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.**

Notes to the Financial Statements
Year ended 30 June 2012

18. Financial risk management objectives and policies

The Company's principal financial liabilities are accounts payable and loans. The Company has various financial assets such as cash and short-term deposits, and accounts receivable, which arise directly from its operations.

It is and has been throughout 2012 and 2011, the Company's policy that no trading in derivatives shall be undertaken. The main risks arising from the Company's financial instruments are credit risk, foreign currency and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these which are summarized below.

Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Company. The amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

Concentration of credit risk

Concentrations of credit risk may arise from exposures to a single debtor or group of debtors having a common characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

The Company is subject to credit risk on its accounts receivable from customers primarily in Barbados and the Eastern Caribbean. The Company believes that this risk is mitigated by the ongoing performance of credit evaluations and reviews of accounts receivable.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is minimised.

The maximum exposure is the carrying amount as disclosed in Note 6. For transactions that do not occur in the country of the relevant operating unit, the Company does not offer credit terms without the approval of management.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash, short-term deposits and treasury note, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Foreign currency risk

Certain of the Company's transactions are denominated in United States dollars but as the Barbados dollar is fixed to the United States dollar, there is no significant currency risk exposure. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses.



GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
Year ended 30 June 2012

18. Financial risk management objectives and policies (cont'd)

Liquidity credit risk (cont'd)

The Company monitors its liquidity risk by considering the maturity of its financial assets and projected cash flows from operations.

Where possible, the Company utilizes surplus internal funds to a large extent to finance its operations and ongoing projects. However, the Company also utilizes available credit facilities such as overdrafts and other financing options where required.

The table below summarizes the maturity profile of the Company's financial liabilities at 30 June based on contractual undiscounted payments.

Year ended 30 June 2012

	Less than 3 months \$	3 months - 1 year \$	2 - 5 years \$	> 5 years \$	Total \$
Trade payables	3,942,344	2,207,489	-	-	6,149,833
Short-term loans	-	-	-	-	-
Long-term loans	2,125,000	9,842,288	34,555,112	63,813,973	110,336,373

Year ended 30 June 2011

	Less than 3 months \$	3 months - 1 year \$	2 - 5 years \$	> 5 years \$	Total \$
Trade payables	4,975,927	-	-	-	4,975,927
Short-term loans	-	85,000,000	-	-	85,000,000
Long-term loans	-	4,933,410	19,733,640	20,391,436	45,058,486

Interest rate risk

The Company is exposed to interest rate risk. Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The occurrence of an adverse change in interest rates may result in a financial loss to the Company.

The Company manages its interest rate risk by a number of measures, including where feasible, the selection of assets which best match the maturity of liabilities, fixed rate debt instruments and by the regular review of the Company's cash flow and banking requirements.

**GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.**

Notes to the Financial Statements
Year ended 30 June 2012

18. Financial risk management objectives and policies (cont'd)**Liquidity risk (cont'd)****Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2012 and 30 June 2011.

Fair values

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value are as follows:

Financial assets and liabilities

The carrying value of short-term financial assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets comprise cash, short-term deposits and accounts receivables. Short-term financial liabilities comprise short-term loans, current portion of long-term loans and accounts payable.

Set out below is a comparison by category of carrying values and fair values of all of the Company's financial instruments, that are carried in the financial statements.

	Carrying value		Fair value	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial assets				
Cash	8,619,296	10,483,852	8,619,296	10,446,991
Short-term deposits	36,796,932	28,858,575	36,796,932	28,858,575
Trade receivables	11,117,846	15,263,581	11,117,846	15,263,581
Treasury note	10,000,000	10,000,000	10,000,000	10,000,000



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18. Financial risk management objectives and policies (cont'd)

Financial assets and liabilities (cont'd)

	Carrying value		Fair value	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial liabilities				
Trade payables	6,149,833	4,975,927	6,149,833	4,975,927
Short-term loans	-	85,000,000	-	85,000,000
Long-term loans	110,336,374	32,931,034	94,341,797	22,720,972

19. Commitments and contingencies

The Company entered into an operating lease with the Government of Barbados effective 22 January 2008 for the rental of the land and buildings from which GAIA Inc. operates. The lease is for a term of 75 years at an annual rental charge of \$1,200.

At 30 June 2012, the Company has contracted for certain capital expenditure in the amount of \$4,053,505 (2011 - \$126,877).

There are claims pending against the Company and the Company is also the plaintiff in certain legal actions and other claims. It is the opinion of the directors, based on the advice of the Company's attorneys-at-law, that any liability, if any, arising out of these claims and actions is not likely to be material. In relation to claims brought by the Company the outcomes at this stage are uncertain and hence there is no recognition of any contingent assets.



Notes



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